



July 1, 2015

Robert deV. Frierson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW.
Washington, DC 20551

Re: Docket No. OP-1515, Enhancements to Federal Reserve Bank Same-Day ACH Service

Dear Mr. Frierson:

Bankers' Bank Northeast (BBN) is pleased to submit a comment letter on enhancements that the Federal Reserve Banks (Reserve Banks) are considering to their current same-day automated clearing house (ACH) service. BBN, a state chartered, FDIC insured and Federal Reserve member bankers' bank located in Glastonbury, Connecticut provides correspondent services to over 200 federally insured financial institutions in New England and New York State. Seventy-seven of our client institutions are also investors in their bankers' bank. We service both community banks and credit unions.

BBN fully supports the initiative for a faster payments environment and agrees with the Board to incorporate the recent changes to the NACHA Operating Rules into Operating Circular 4 and implement a mandatory same-day ACH Service. BBN further agrees with the amended NACHA operating rule interbank fee of 5.2 cents of the originating depository financial institutions (ODFI) be paid to the receiving depository financial institutions (RDFI) for each forward transaction.

Since there is the possibility of an increased window for creating faster returns, fraud risk would be mitigated as financial institutions would benefit from using same day returns of both debits and credits. Additionally, reputation risks and transaction/processing errors would be mitigated in the event of missed payroll payments since same-day ACH would now be available to expedite these payments avoiding any negative impact to recipients. BBN believes the mandatory same-day ACH proposed enhancement is a positive step toward modernizing the payments system, would enhance the efficiency and integrity of the ACH network, and is consistent with the Federal Reserve's Strategies for Improving the U.S. Payment System.

In regards to the original proposal on same-day ACH rules as submitted by NACHA, BBN expressed concern over the use of the effective entry date as the sole identifier of a same-day forward transaction. Many originators often misuse the effective entry date field by entering current or previous dates. Although the requirement for same-day ACH is to submit a file within the processing windows in order to be eligible, we believe that by using this field as the sole parameter for determining availability, RDFI's could risk exposure by providing availability for items that were not meant to be settled using same-day ACH. Therefore, BBN strongly disagreed with NACHA's proposal to solely base the settlement and availability of a same-Day ACH on the Effective Entry Date field. We

feel it is important for the originator to know that they are using same-day ACH, understands the implications of same-day-ACH and the requirements/increased costs associated with the transaction. Identification should not be left up to the individual originator or ODFI and solely utilizing the effective entry date is not enough assurance to guarantee credits and settlement will be met for the appropriate same day postings. BBN would strongly encourage that in addition to the effective entry date another identifier be added to ensure that same-day availability and settlement is being achieved. Identifiers could include adding a special Service Class Code, a new debit / credit Tran Code, or even a special indicator in the six (6) record to correctly ensure that same-day ACH is the desired processing arrangement requested.

BBN appreciates the Federal Reserve Banks efforts to allow comments to be submitted regarding this proposal for same-day ACH. We strongly support the proposed enhancements to require mandatory participation in same-day ACH service and impose the interbank fee as amended by NACHA operating rules. We also agree that originators must fully understand the requirements in order to benefit from using same-day ACH. This is imperative in order for the process to be widely accepted and the adoption rates to be high in support of moving payments faster.

Thank you for your considerations.

Sincerely,



Lora L. Prior
Operations Compliance Officer